



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Set Public Hearing for April 5, 2000, to Consider Refuse Rate Adjustment
Application from Central Valley Waste Services, Inc. (CVWS)

MEETING DATE: March 1, 2000

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council set a public hearing for April 5, 2000, to consider the refuse rate adjustment application from Central Valley Waste Services, Inc. (CVWS).

BACKGROUND INFORMATION: Over the past eight years, City Council has followed a rate methodology, adopted by Council December 4, 1991, for establishing residential and commercial refuse collection rates in the City of Lodi. In accordance with this methodology, CVWS has requested a rate adjustment of 1.03%, or an increase of \$0.19 per month on the standard 38-gallon residential rate. Per the adopted methodology, this year the adjustment is based on an index formula. The composite index is explained in the attachment. Staff is reviewing the information submitted by CVWS. Any findings that effect the adjustment rate will be reviewed at the public hearing.

CVWS has requested the adjustment become effective April 1. Over the past years, this has normally been the date new rates went into effect. Last year, however, the increase wasn't effective until July 1 because CVWS requested a delay due to changes in their accounting systems. Even though the new rate was delayed three months, CVWS did not adjust the increase to account for the delay. Since there is no March 15 Council meeting scheduled, the rate increase will be recommended to take place immediately upon adoption.

FUNDING: Not applicable.

Richard C. Prima, Jr.
Public Works Director

Prepared by Sharon Blaufus, Management Analyst II

RCP/SB/lm

Attachment

cc: Vicky McAthie, Finance Director
Central Valley Waste Services, Inc., Attn: Tom Sanchez – no attachment

APPROVED: _____

H. Dixon Flynn -- City Manager



Central Valley Waste Services, Inc.
A WASTE MANAGEMENT COMPANY

1333 E. Turner Road
P.O. Box 241001
Lodi, California 95241-9501
(209) 369-8274
(209) 369-6894 Fax

February 15, 2000

Mr. Richard C. Prima, Jr.
Public Works Director
City of Lodi
P.O. Box 3006
Lodi, California 95241

Re: Central Valley Waste Services, Inc. Rate Application

Dear Mr. Prima:

Attached is the 2000 Central Valley Waste Services, Inc. rate adjustment application. The Application has been prepared in accordance with the Index Year Rate Procedures specified in the rate methodology.

The Index Year Rate Adjustment formula results in a requested increase of 1.03% for residential and commercial service. This calculates to a \$.19 increase for basic residential services. The majority of the increase is necessary to cover inflationary increases and rising costs in fuel.

The attached application provides the details of the requested rate adjustment, the resulting rates, as well as explanatory notes. The requested rate change is assumed to be effective April 1, 2000.

If you have any questions, please call me.

Respectfully yours,

A handwritten signature in black ink, appearing to read 'Thomas A. Sanchez', written in a cursive style.

Thomas A. Sanchez
District General Manager

attachments

CENTRAL VALLEY WASTE SERVICES, INC.

2000 RATE APPLICATION

Explanation of Composite cost Index

- 1 Payroll:** As specified in the Index Year Rate procedure of the Rate Methodology, payroll expenses have been increased by the percentage change in the Employment Cost Index for the most recent twelve month period. The Employment Cost Index for the period December 1998 through December 1999 increased by 4.4%. The 4.4% indexed increase in payroll expenses results in the .57% Composite Cost index component.
- 2 Equipment:** As specified in the Index Year Rate Procedure of the Rate Methodology, Equipment expenses have been adjusted by the percentage change in the U.S. CPI for gasoline for the most recent 12 months period. The CPI for gasoline for the period December 1998 through December 1999 increased by 23.2%. The 23.2% index increase in equipment expenses results in a 1.83.% Composite Cost Index component.
- 3 Depreciation, Interest, Equipment Lease, and Debt Service:** As specified in the Index Year Rate Procedure of the Rate Methodology, depreciation, interest, equipment leases and debt service have been updated include capital additions. Interest expense decreases due to outstanding debt declines. The impact on the Composite Cost Index is (2.40%).
- 4 Disposal, Transfer and Materials Processing:** As specified in the Index Year Rate Procedure of the Rate Methodology, expenses related to disposal, transfer and materials processing have been calculated to reflect the change in the costs associated with these functions. The increases due to CPI increases for goods and services for the period 1998 through 1999. The impact on the Composite Cost index is .93%.
- 5 Other expenses:** As specified in the Index Year Rate Procedure of the Rate Methodology, all other expenses have been increased by the percentage changed in the U.S. CPI for most recent twelve month period. The U.S. CPI for the period December 1998 through December 1999 increased by 2.7%. The 2.7% increase in other expenses results in a .60% Composite Cost Index component.
- 6 Projected Customer Base Increase:** As specified in the Index Year Rate Procedure of the Rate Methodology, the Composite Cost index is reduced by 50% of the anticipated percentage growth in customer accounts. The growth in customer accounts has been estimated to be 1%. The impact on the Composite Cost index is (.50%).

CENTRAL VALLEY WASTE SERVICES, INC.

2000 RATE APPLICATION PACKAGE

**1999 DETAILED RATE APPLICATION EXPENSES
AND CALCULATED 2000 - 2001 PERCENTAGE INCREASES**

<u>EXPENSE ITEM</u>	<u>1999 - 2000 RATE APPLICATION EXPENSES</u>	<u>PERCENT OF TOTAL EXPENSES</u>	<u>2000 - 2001 RATE APPLICATION EXPENSES</u>	<u>INDEX PERCENTAGE CHANGE</u>	<u>NOTES</u>	<u>CCI (COMPOSITE COST INDEX)</u>
PAYROLL:						
Labor	\$535,750					
Labor Burden	184,060					
TOTAL PAYROLL	\$719,810	12.85%		4.40%	#1	0.57%
EQUIPMENT:						
Repairs & Maintenance	158,028					
Fuel & Oil	112,220					
Equipment Leases	56,532					
Tires	71,520					
Licenses	42,960					
Insurance, General	58,140					
	<u>499,400</u>					
Less Equipment Leases	(56,532)					
TOTAL EQUIPMENT	\$442,868	7.90%		23.20%	#2	1.83%
DEPRECIATION, INTEREST, EQUIPMENT LEASES AND DEBT SERVICE:						
Depreciation	\$963,855		920,705			
Interest	238,165		147,477			
Equipment Leases	56,532		56,328			
TOTAL DEPRECIATION, INTEREST, ETC.	\$1,258,552	22.46%	\$1,124,510	-10.70%	#3	-2.40%
TRANSFER STATION, DISPOSAL AND ALLOCATED MATERIAL PROCESSING CHARGES:						
Transfer Station	\$563,102		\$578,306			
Disposal Fees	704,888		\$723,920			
Allocated Material Processing	663,750		681,671			
TOTAL TRANSFER STATION, DISPOSAL AND ALLOCATED MATERIAL PROCESSING CHARGES	\$1,931,740	34.47%	\$1,983,897	2.70%	#4	0.93%
OTHER EXPENSES:						
Property Taxes	37,980					
Permits and Licenses	3,360					
Administrative Expenses	570,229					
Shop Expenses	306,290					
Miscellaneous	28,800					
Community Contributions	25,000					
Franchise Fees	278,804					
TOTAL OTHER EXPENSES	\$1,250,463	22.32%		2.70%	#5	0.60%
TOTAL EXPENSES	\$5,603,433	100.00%				1.53%
LESS 50% OF PROJECTED CUSTOMER BASE INCREASE		50%	1%		#6	-0.50%
COMBINED COMPOSITE COST INDEX (CCI)						1.03%
CURRENT RATE						\$18.37
PROJECTED RATE ADJUSTMENT						0.19
PROJECTED NEW RATE						\$18.56

Central Valley Waste Services - City of Lodi Franchise
Commercial Rate Design
Proposed Rates - 1.03% Increase
Effective Date: April 1, 2000

Container Capacity In Yards	Number of Containers	Total Capacity	Frequency/Week					
			1	2	3	4	5	6
1	1	1	\$83.49	\$166.98	\$400.08	\$732.90	\$1,165.46	\$1,697.76
	2	2	\$127.09	\$254.17	\$560.78	\$987.08	\$1,533.05	\$2,198.70
	3	3	\$170.68	\$341.37	\$721.50	\$1,241.26	\$1,900.64	\$2,699.65
	4	4	\$214.28	\$428.56	\$882.20	\$1,495.42	\$2,268.22	\$3,200.60
	5	5	\$257.88	\$515.75	\$1,042.92	\$1,749.60	\$2,635.82	\$3,701.55
	6	6	\$301.48	\$602.95	\$1,203.62	\$2,003.78	\$3,003.39	\$4,202.48
	7	7	\$345.07	\$690.15	\$1,364.34	\$2,257.95	\$3,370.98	\$4,703.43
	8	8	\$388.67	\$777.33	\$1,525.05	\$2,512.12	\$3,738.56	\$5,204.37
	9	9	\$432.27	\$864.53	\$1,685.76	\$2,766.31	\$4,106.16	\$5,705.33
	10	10	\$475.86	\$951.71	\$1,846.46	\$3,020.47	\$4,473.73	\$6,206.26
2	1	2	\$125.12	\$250.22	\$535.14	\$926.62	\$1,424.64	\$2,029.21
	2	4	\$207.61	\$415.20	\$814.58	\$1,341.84	\$1,996.91	\$2,779.87
	3	6	\$290.10	\$580.18	\$1,094.04	\$1,757.04	\$2,569.19	\$3,530.53
	4	8	\$372.58	\$745.18	\$1,373.47	\$2,172.23	\$3,141.47	\$4,281.19
	5	10	\$455.07	\$910.15	\$1,652.92	\$2,587.44	\$3,713.75	\$5,031.86
	6	12	\$537.57	\$1,075.14	\$1,932.33	\$3,002.65	\$4,286.04	\$5,782.52
	7	14	\$620.07	\$1,240.13	\$2,211.79	\$3,417.85	\$4,858.31	\$6,533.18
	8	16	\$702.55	\$1,405.12	\$2,491.23	\$3,833.05	\$5,430.59	\$7,283.84
	9	18	\$785.05	\$1,570.10	\$2,770.68	\$4,248.26	\$6,002.20	\$8,034.49
	10	20	\$867.54	\$1,735.07	\$3,050.11	\$4,663.46	\$6,575.16	\$8,785.16
3	1	3	\$161.04	\$322.07	\$642.91	\$1,070.29	\$1,604.23	\$2,244.71
	2	6	\$279.45	\$558.88	\$1,030.11	\$1,629.17	\$2,356.10	\$3,210.90
	3	9	\$397.86	\$795.71	\$1,417.31	\$2,188.06	\$3,107.98	\$4,177.06
	4	12	\$516.26	\$1,032.52	\$1,804.49	\$2,746.93	\$3,859.85	\$5,143.25
	5	15	\$634.67	\$1,269.35	\$2,191.68	\$3,305.82	\$4,611.74	\$6,109.41
	6	18	\$753.09	\$1,506.17	\$2,578.89	\$3,864.69	\$5,363.60	\$7,075.59
	7	21	\$871.49	\$1,742.67	\$2,966.08	\$4,423.57	\$6,115.46	\$8,041.76
	8	24	\$989.91	\$1,979.80	\$3,353.28	\$4,982.46	\$6,867.35	\$9,007.95
	9	27	\$1,108.32	\$2,216.63	\$3,740.48	\$5,541.33	\$7,619.22	\$9,974.11
	10	30	\$1,226.73	\$2,453.45	\$4,127.67	\$6,100.22	\$8,371.08	\$10,940.29

Central Valley Waste Services - City of Lodi Franchise
Commercial Rate Design
Proposed Rates - 1.03% Increase
Effective Date: April 1, 2000

Container Capacity In Yards	Number of Containers	Total Capacity	Frequency/Week					
			1	2	3	4	5	6
4	1	4	\$196.96	\$393.89	\$750.66	\$1,213.98	\$1,783.83	\$2,460.24
	2	8	\$351.28	\$702.55	\$1,245.61	\$1,916.52	\$2,715.29	\$3,641.92
	3	12	\$505.61	\$1,011.22	\$1,740.56	\$2,619.08	\$3,646.76	\$4,823.60
	4	16	\$659.94	\$1,319.88	\$2,235.52	\$3,321.64	\$4,578.23	\$6,005.29
	5	20	\$814.26	\$1,628.53	\$2,730.47	\$4,024.20	\$5,509.70	\$7,186.98
	6	24	\$968.59	\$1,937.20	\$3,225.43	\$4,726.75	\$6,441.16	\$8,368.66
	7	28	\$1,122.93	\$2,245.86	\$3,720.38	\$5,429.31	\$7,372.63	\$9,550.36
	8	32	\$1,277.27	\$2,554.52	\$4,215.34	\$6,131.86	\$8,304.10	\$10,732.04
	9	36	\$1,431.59	\$2,863.18	\$4,710.29	\$6,834.43	\$9,235.57	\$11,913.72
	10	40	\$1,585.92	\$3,171.83	\$5,205.24	\$7,536.96	\$10,167.03	\$13,095.42
5	1	5	\$232.87	\$465.74	\$858.41	\$1,357.65	\$1,963.42	\$2,675.73
	2	10	\$423.11	\$846.22	\$1,461.13	\$2,203.88	\$3,074.48	\$4,072.93
	3	15	\$613.36	\$1,226.73	\$2,063.83	\$3,050.11	\$4,185.55	\$5,470.15
	4	20	\$803.60	\$1,607.22	\$2,666.55	\$3,896.35	\$5,296.60	\$6,867.35
	5	25	\$993.86	\$1,987.72	\$3,269.26	\$4,742.57	\$6,407.66	\$8,264.54
	6	30	\$1,184.11	\$2,368.22	\$3,871.97	\$5,588.80	\$7,518.73	\$9,661.73
	7	35	\$1,374.36	\$2,748.72	\$4,474.68	\$6,435.03	\$8,629.78	\$11,058.94
	8	40	\$1,564.61	\$3,129.22	\$5,077.39	\$7,281.27	\$9,740.84	\$12,456.15
	9	45	\$1,754.86	\$3,509.71	\$5,680.09	\$8,127.50	\$10,851.91	\$13,853.35
	10	50	\$1,945.11	\$3,890.21	\$6,282.80	\$8,973.72	\$11,962.96	\$15,250.54
6	1	6	\$268.79	\$537.57	\$966.19	\$1,501.32	\$2,143.01	\$2,891.26
	2	12	\$494.95	\$989.91	\$1,676.64	\$2,491.23	\$3,433.67	\$4,503.96
	3	18	\$721.13	\$1,442.24	\$2,387.11	\$3,481.13	\$4,724.33	\$6,116.69
	4	24	\$947.29	\$1,894.57	\$3,097.57	\$4,471.03	\$6,014.98	\$7,729.39
	5	30	\$1,173.46	\$2,346.90	\$3,808.03	\$5,460.95	\$7,305.64	\$9,342.11
	6	36	\$1,399.62	\$2,799.25	\$4,518.51	\$6,450.86	\$8,596.29	\$10,954.83
	7	42	\$1,625.79	\$3,251.59	\$5,228.97	\$7,440.76	\$9,886.95	\$12,567.53
	8	48	\$1,851.95	\$3,703.92	\$5,939.43	\$8,430.67	\$11,177.60	\$14,180.25
	9	54	\$2,078.13	\$4,156.26	\$6,649.91	\$9,420.57	\$12,468.26	\$15,792.96
	10	60	\$2,304.30	\$4,608.59	\$7,360.36	\$10,410.47	\$13,758.92	\$17,405.68

**CITY OF LODI
RESIDENTIAL CURBSIDE SERVICE RATES
EFFECTIVE APRIL 1, 2000**

1.	38 GALLON WASTE CART 1X PER WEEK:	Current Per Mo.	New Rate Per Mo.
	Single Family		
	1 Waste Cart	\$ 18.37	\$ 18.56
	2 Wastes Cart	\$ 45.91	\$ 46.39
	3 Wastes Cart	\$ 73.47	\$ 74.22
	4 Wastes Cart	\$ 101.01	\$ 102.05
	Duplex and more, and mobile homes		
	1 Waste Cart per Customer	\$ 17.21	\$ 17.39
	2 Waste Cart per Customer	\$ 43.03	\$ 43.47
	3 Waste Cart per Customer	\$ 68.85	\$ 69.56
2.	64 GALLON WASTE CART 1X PER WEEK		
	1 Waste Cart	\$ 27.63	\$ 27.91
	2 Wastes Cart	\$ 69.06	\$ 69.77
	3 Wastes Cart	\$ 110.48	\$ 111.62
3.	20 GALLON WASTE CART 1X PER WEEK		
	LOW VOLUME USERS		
	1 Waste Cart	\$ 12.50	\$ 12.63
4.	BACK YARD SERVICE CHARGE PER MONTH	\$ 10.34	\$ 10.45

**CITY OF LODI
COMMERCIAL 10 TO 50 CUBIC YARD ROLL-OFF BOX
RATE STRUCTURE SCHEDULE
EFFECTIVE APRIL 1, 2000**

CONTRACT HIGH FREQUENCY DROP RATES:

		Current Rate	New Rate
1.	Drop=off/Pick-up Charge Per Box	\$ 127.40	\$ 128.71
2.	Tons Disposed/Box X Processing Charge	\$ 28.69	\$ 28.98
3.	Franchise Fee (4.8% of 1+2)		
	TOTAL BILL (1+2+3)		

ONE-TIME DROP RATE

1.	Drop=off/Pick-up Charge Per Box	\$ 208.08	\$ 210.22
2.	Tons Disposed/Box X Processing Charge	\$ 28.69	\$ 28.98
3.	Franchise Fee (4.8% of 1+2)		
	TOTAL BILL (1+2+3)		

**CITY OF LODI
COMMERCIAL WASTE CART RATES
EFFECTIVE APRIL 1, 2000**

Commercial 38 Gallon Waste Cart 1 x Per Week:

# of Waste Carts	Current Rate	New Rate
1 Waste Cart	\$18.22	\$18.41
2 Waste Carts	\$45.54	\$46.01
3 Waste Carts	\$72.85	\$73.60

Commercial 90 Gallon Waste Cart 1 x Per Week

# of Waste Carts	Current Rate		New Rate	
	1 x Wk Rate	2x Wk Rate	1 x Wk Rate	2 x Wk Rate
1 Waste Cart	\$60.25	\$120.51	\$60.87	\$121.75
2 Waste Carts	\$120.51		\$121.75	
3 Waste Carts	\$180.76		\$182.62	

CITY COUNCIL

STEPHEN J. MANN, Mayor
ALAN S. NAKANISHI
Mayor Pro Tempore
SUSAN HITCHCOCK
KEITH LAND
PHILLIP A. PENNINO

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6706
FAX (209) 333-6710

H. DIXON FLYNN
City Manager
ALICE M. REIMCHE
City Clerk
RANDALL A. HAYS
City Attorney

February 24, 2000

Mr. Thomas A. Sanchez
District General Manager
Central Valley Waste Services, Inc.
P. O. Box 241001
Lodi, CA 95241-9501

SUBJECT: Set Public Hearing for April 5, 2000, to Consider Refuse Rate Adjustment
Application from Central Valley Waste Services, Inc. (CVWS)

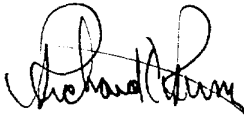
Enclosed is a copy of background information on an item on the City Council agenda of Wednesday, March 1, 2000. The meeting will be held at 7 p.m. in the City Council Chamber, Carnegie Forum, 305 West Pine Street.

As indicated in the title, the only action will be to set a public hearing date on the item.

If you wish to write to the City Council, please address your letter to City Council, City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's card (available at the Carnegie Forum immediately prior to the start of the meeting) and give it to the City Clerk. If you have any questions about communicating with the Council, please contact Alice Reimche, City Clerk, at 333-6702.

If you have any questions about the item itself, please call Sharon Blaufus at 333-6800, ext. 2658.



Richard C. Prima, Jr.
Public Works Director

RCP/lm

Enclosure

cc: City Clerk ✓



CITY OF LODI
Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: Wednesday, April 5, 2000

Time: 7:00 p.m.

For information regarding this notice please contact:

Alice M. Reimche
City Clerk
Telephone: (209) 333-6702

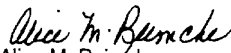
NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, April 5, 2000** at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a Public Hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) refuse rate adjustment application from Central Valley Waste Services, Inc. (CVWS).

All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing described in this notice or in written correspondence delivered to the City Clerk, P.O. Box 3006, at or prior to the Public Hearing.


Alice M. Reimche
City Clerk

Dated: March 1, 2000

Approved as to form:


Randall A. Hays
City Attorney